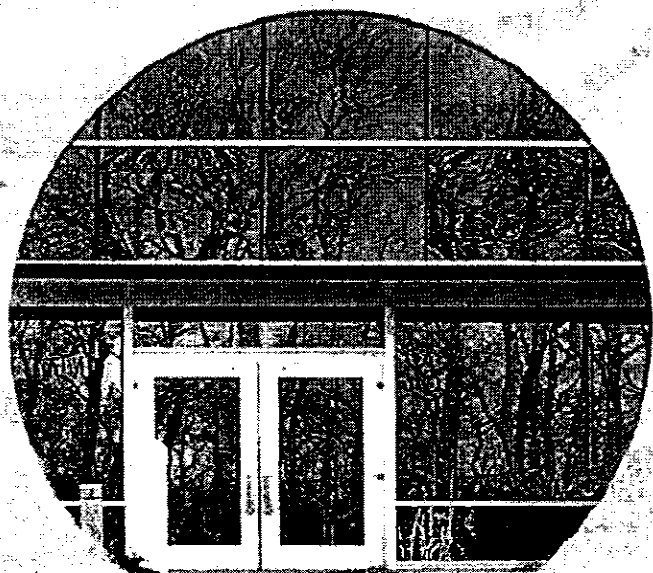


ARTESIAN RESOURCES CORPORATION

2009 ANNUAL REPORT

Clear Vision

Profitable Growth

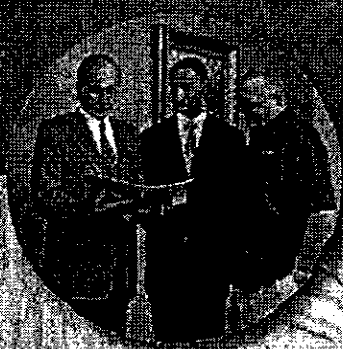


Clear Vision Profitable Growth

We have a clear vision for our business at Artesian Resources: we are absolutely committed to providing consistently high-quality, reliable service to our customers while growing profitably and generating sound returns for our investors. To continue to achieve our goals, we focus on improving our service to our existing customers while operating as efficiently as possible. We are embracing new technology, streamlining our work practices and increasing training for our dedicated workforce to ensure they are empowered to do what they do best—care for and serve our customers.

We are also investing in our infrastructure to preserve our service standards and to help the communities of the Delmarva Peninsula meet the challenges of expected growth.

Our commitment to quality and our investment in the future position Artesian Resources to deliver superior performance, even during uncertain economic times.



Artesian Resources was started more than 100 years ago to provide water service in small communities in northern Delaware. Our mission then was the same as it is now: to efficiently provide our customers with the very best service possible.

Today, we have expanded our capabilities and our service area throughout Delaware and into nearby areas of Maryland and Pennsylvania. We are now a total water resource management company focusing on a wide spectrum of activities, from identifying new and dependable sources of water supply to developing wells, treatment plants and delivery systems to planning, building and managing responsible wastewater management systems.

Because of our dedication to our customers, our commitment to quality, and our consistent financial performance, Artesian has flourished and is the eighth largest investor-owned water utility in the United States.

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**For more information about
Artesian Resources Corporation,
please visit us at**

www.artesianresources.com

Dear Fellow Shareholders

By all accounts, 2009 should have been a disappointing year for Artesian Resources. Heavy rain and a weak economy should have washed away any opportunity for success. And yet, despite the external pressures, 2009 proved to be a remarkable year for our Company. We posted record revenues as well as healthy increases in net income and earnings per share. In addition, we again fulfilled our goal of providing fair returns to our shareholders by increasing our dividend by 5% in the fourth quarter.

While we are particularly proud of what we achieved in 2009, the results were not a surprise. For years, we have been investing in the future of our Company by upgrading our technology, modernizing and readying our infrastructure for growth, focusing on operating efficiency, and diversifying our business lines.

We are now not just one of the largest investor-owned water utilities in the nation, but a total water resource management company, offering wastewater, engineering, design/build and contract services as well.

The water business is a sound business and we have a clear vision of what we must do to ensure top-quality service for our customers while delivering superior performance for our shareholders. As a result, in the last five years alone, through good economic times and bad, we have increased our revenue by 53.9% and our net income by 65.0%. Our performance earned Artesian a ranking in 2009 as a top 100 company by FORTUNE Small Business. In addition, Artesian was included in the broad-market Russell 3000® Index and the small-market Russell 2000® Index.

Financial Highlights

In millions except per share amounts	For the year ended December 31,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating Revenues	\$60.91	\$56.19	\$52.52	\$48.59	\$45.29	\$39.58	\$36.30	\$34.60	\$31.99	\$27.55
Operating Expenses	47.27	44.28	40.76	36.79	34.64	29.71	27.77	26.42	24.59	21.34
Operating Income	13.64	11.91	11.77	11.80	10.64	9.87	8.53	8.18	7.40	6.21
Net Income	7.26	6.42	6.26	6.07	5.04	4.40	3.92	4.17	3.32	2.45
Net Income Per Common Share										
Diluted	0.97	0.86	0.90	0.97	0.81*	0.72*	0.64*	0.76*	0.70*	0.52*
Cash Dividend Per Common Share	0.72	0.71	0.66	0.61	0.58*	0.55*	0.53*	0.51*	0.49*	0.49*
Rate Base	\$197.58	\$189.03	\$174.83	\$167.76	\$160.04	\$152.21	\$131.56	\$115.18	\$98.68	\$88.48

* Restated for the stock split effective May 30, 2006



2001	\$0.49*
2002	\$0.50*
2003	\$0.52*
2004	\$0.54*
2005	\$0.57*
2006	\$0.60*
2007	\$0.64
2008	\$0.69
2009	\$0.71
2010	\$0.75

Dian C. Taylor
Chair of the Board
President and CEO

Annualized Dividend (at December 31)

**Restated for the stock split May 30, 2006*

Profitable Growth

The national recognition from FORTUNE and others was very nice, but we don't manage our business for public accolades. We manage our business to deliver superior water service to our customers and consistent returns to our investors. In 2009, we paid dividends to our investors each quarter, just as we have every quarter of the last 17 years and as we have nearly every year since 1931. Over the last five years, we have increased our dividend at a 5.7% average annualized rate. In the fourth quarter of 2009, we increased our common stock dividend by 5.0%, which brought the annualized dividend rate to \$0.7492 per share.

Revenues last year grew to a Company record of \$60.9 million, an 8.4% gain from \$56.2 million in 2008. Driven by the revenue gain and by increases in efficiency that slowed the growth of expenses, net income rose to \$7.3 million, a 13.2% increase from \$6.4 million in 2008. Diluted net income per common share was \$0.97, as compared to \$0.86 in 2008.

One contributor to the increase in revenues was our utility business, which benefited from the full-year implementation of a 15% rate increase made permanent with the settling of our Delaware rate case in September 2009. In addition, the continued success of our Service Line Protection business and increase in revenues from our non-utility contract services contributed to our net income gain.

Operating expenses, excluding taxes and depreciation, increased by 4.8%, half the rate at which our revenues grew. One way we have been able to slow expense growth is by investing in technologies that help us operate more

efficiently while improving our customer service. For example, the geographic information system (GIS) technology that drives our dispatch systems helps us to more effectively generate service routes for our repair teams. And the installation of automated radio-read meters has allowed us both to cross-train staff to fill other needs and to offer more convenient monthly billing to our customers in the future.

Diversifying and Growing Our Business

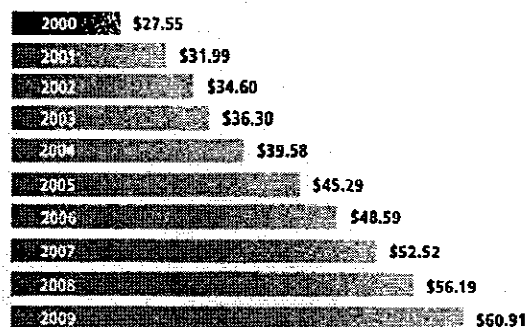
Our strong performance in 2009 could have been even better, but we faced weather-related issues that drained some of our revenue potential. From March through December, we were flooded with rain in Delaware. More rain fell on the state during those 10 months than at any time on record (and the records go back to 1895!). The extremely wet weather reduced customer demand for water to the lowest levels Artesian had recorded in nearly a decade.

To soften the impact of the bad weather, we implemented Company-wide cost containment measures. Our ratio of utility and non-utility operating expenses to total operating revenues improved to 53.1% from 54.9% in 2008. We also looked to our non-utility businesses, which we have been building up for years, to provide us with revenue that was not weather-dependent. In 2009, our non-utility operating revenue grew to \$4.8 million from \$4.1 million in 2008. One of the primary reasons for the continued growth was the

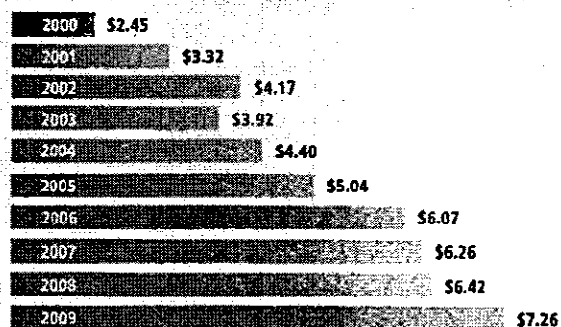
overwhelming success of our Service Line Protection Plans, which generated \$532,000 more in revenue during 2009 than during 2008. Revenue from Artesian Consulting Engineers (which we acquired in 2008) also grew and helped drive down consulting expenses. Our use of Artesian Consulting Engineers for our expansion work in both Cecil County, Maryland, and Sussex County, Delaware, has lowered our costs for those projects.

The 2009 monsoon was not the only issue we faced. Our long-term strategy is to significantly increase our customer base, revenues, earnings and dividends by expanding our water and wastewater services across the Delmarva Peninsula. While our water and wastewater customer base did grow during 2009, the increases were modest, as new housing development throughout the region was impeded by the same economic malaise that has gripped the rest of the nation.

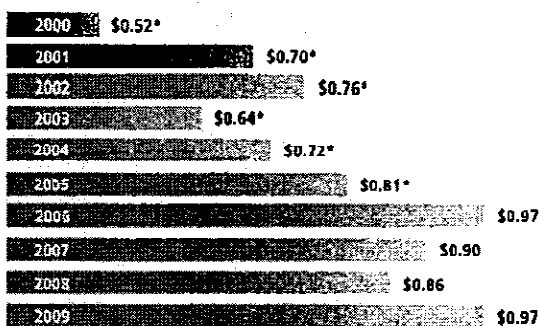
As the economy recovers, we are well positioned to expand our water and wastewater service in those areas of Delaware and Cecil County, Maryland, that have been projected to be fast growing. In 2009, to advance our plans to be the water and wastewater service provider in the portion of Cecil County designated as a growth corridor, we agreed to purchase the water assets of the Town of Port Deposit, completed an interconnection to supply water to the Town of Elkton and agreed to provide water to the Town of Charlestown. Additionally, we began operating under contract some of the water and wastewater facilities we had previously agreed to acquire from Cecil County.



Operating Revenues (in millions)



Net Income (in millions)



Diluted Earnings Per Share

*Restated for the stock split May 30, 2006

In Delaware, we continued to upgrade our infrastructure. In 2009, \$11.2 million was invested for water and wastewater system capital improvements in the state, bringing the total investment to \$62.3 million during the last three years. Over those three years, we added two new elevated storage tanks, 71 miles of new water mains and system interconnections, five new supply wells, and five state-of-the-art water treatment facilities. We also replaced nine miles of aging water mains.

We expanded our water and wastewater business in Delaware by agreeing to manage service to the Odessa growth area and provide wastewater service to the Carter Farm development. Carter Farm will be our first owned and operated wastewater system in New Castle County. Including the five new developments we began servicing in 2009, we now provide water and/or wastewater services to nearly one-third of Delaware's population. Moreover, we have exclusive rights in undeveloped areas of the state that should see significant growth in the years ahead.

The People of Artesian Resources

Our ability to grow our business despite the rain and the challenging economy is directly due to the talented and dedicated managers and employees of Artesian Resources. We have a strong, long-tenured team of leaders who have earned respect throughout our industry. In 2009, we took a moment to honor one of our past leaders,

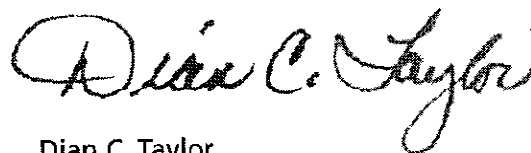
my brother, the late Norman H. Taylor, Jr. In October, we dedicated our new corporate headquarters to Norman for his contributions to the Company's success during his more than 45 years of service.

In November, we lost another member of our extended family with the passing of Robin Thurlow, our corporate vice president, secretary, treasurer and chief financial officer until his retirement in 1990. We will all miss Robin's sage advice, sharp wit, eye for detail, and absolute commitment to Artesian Resources.

Responsible Management

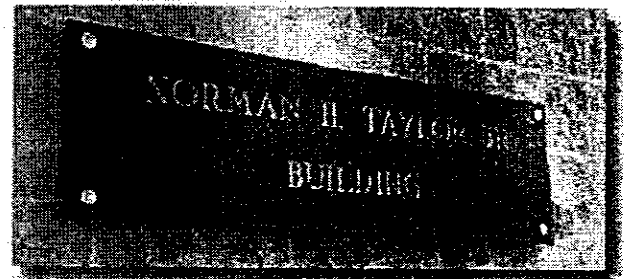
The challenges we faced in 2009 may persist, or others may take their place. But the value of Artesian Resources will remain constant. We manage our business with a clear vision and with a strong commitment to growing profitably and generating consistent, sustainable returns. Going forward, we will continue to maintain our commitment to quality, our customers and our shareholders. Thank you for your investment and ongoing confidence in and support for our business.

Sincerely,



Dian C. Taylor
Chair, President & CEO

In 2009, we dedicated our new corporate headquarters to the late Norman H. Taylor, Jr. for his contributions to the Company's success during his more than 45 years of service. Norman, who was the beloved brother of President and CEO Dian C. Taylor and father of Vice President and Board Member Nicholle R. Taylor, managed Artesian's facilities, construction and transportation areas and also served on the Company's Board of Directors.



Pictured at far right, Board Member William C. Wyer, who chairs Artesian's Building Committee, addresses family members, colleagues and friends who gathered to honor Norman H. Taylor, Jr. at the October building dedication ceremony.

Pictured at right are Nicholle R. Taylor, her daughter Zoë, and Dian C. Taylor. During the dedication, Dian Taylor reflected on the Company's accomplishments generated by Norman's efforts. "Throughout our history we have earned things the old fashioned way; through hard work, commitment to our customers and a focus on getting things done," she said. "Norman instituted these standards every day and helped Artesian prosper and continually grow."



Clear Vision

Profitable Growth



Overview

Artesian Resources is the nation's eighth largest investor-owned water utility, serving nearly 300,000 people on the Delmarva Peninsula. Our water has been named the best-tasting in Delaware, a testament to the investment we have made in the quality of our water system, and to the skilled employees and management team who operate our business.

We have consistently delivered sound returns to our shareholders.

We have paid dividends in each each quarter for the last 17 years and increased our dividends each year for the last 12 years.

Our Fundamental Strengths

Our superior performance during the last few years demonstrates the clear vision we have for our business, as well as our ability to successfully implement our plans. We understand what we must do to serve our customers efficiently and effectively, while creating value and generating fair returns for our shareholders. As a result, even during these uncertain economic times, we have recorded consistent, profitable growth.

One of our core strengths resides in the very nature of the services we provide to our customers. Water supply and wastewater treatment, which account for the majority of our revenues, are essential services. Residential customer demand for those services is largely unaffected by the types of economic and marketing issues (such as changing consumer preferences) that typically challenge most other companies. Because we provide essential services, the rates we can charge and the extent of the areas we can service are subject to regulatory review and approval.

Another strong point is our proven ability to grow our business. We focus on "smart growth." As we consider system expansion, we target geographic markets we know very well. This intimate knowledge enables us to invest our resources in areas poised for imminent growth while avoiding more speculative growth investments. Expanding into contiguous or nearby areas also enables us to minimize our operating costs. Our "smart growth"

2009 Growth Highlights

- Added 10 square miles of franchised water service area.
- Added 6 square miles of franchised wastewater service area and invested \$1.8 million in wastewater projects in Sussex County, Delaware, including \$0.8 million in the Northern Sussex Wastewater Facility.
- Began serving water through an interconnection to the Town of Elkton, Maryland.
- Began operating the water and wastewater facilities of Chesapeake City, Maryland.
- Signed an agreement to purchase the water assets of the Town of Port Deposit, including a water treatment facility with a capacity of up to 500,000 gallons per day.
- Received approvals to construct a water system to serve the 172 residents of the Whitaker Woods development and the first 71 of an anticipated 700 residents of the Charlestown Crossing development in Cecil County.
- Agreed to manage wastewater service for the Odessa growth area in Delaware.
- Agreed to provide wastewater service to the Carter Farm development in New Castle County, Delaware.
- Completed our sixth year of successfully managing water storage using an innovative and cost effective Aquifer Storage and Recovery (ASR) system. With ASR, Artesian stores excess treated water produced during periods of low water consumption in a well drilled deep in a natural underground reservoir. During periods of higher consumption, such as the summer, the same water is recovered for customer use.
- Invested \$17.8 million in capital improvements including \$1.3 million to improve existing treatment facilities; \$7.0 million to build or replace mains and transmission and distribution facilities; \$1.2 million for main relocations to facilitate highway construction; \$1.5 million for transmission and distribution facilities in Cecil County, Maryland; and \$1.8 million for wastewater collection and treatment facilities.

strategy has enabled us to triple the size of our combined franchised water and wastewater service areas since 1993.

While the stalled economy has slowed growth in our franchised area, we believe the area is still attractive for future development. In Delaware, we expect that our customer base will increase, particularly in the southern part of the state, because of the relatively lower cost of living and availability of development sites near the Atlantic Ocean. In Cecil County, Maryland, we have exclusive service rights in most of the county's undeveloped growth areas. It is expected that several thousand new residents will move into those areas in the near future because of the U.S. Army Base Realignment and Closure (BRAC) program, which will bring up to 10,000 new jobs to

the nearby Aberdeen Proving Grounds by 2012. We are well poised for expansion. As the economy grows, so too will Artesian Resources.

But we aren't waiting for an economic turnaround. We have been diversifying our revenue streams by growing our non-utility businesses. In 2006, non-utility revenues accounted for just 3.6% of our total revenues. Today, non-utility revenues make up 7.9% of our revenue base. We expect those businesses to continue to grow.

Our more than 100 years of providing quality water service in our markets gives us a competitive advantage. Our reputation for excellence has enabled us to attract and retain highly qualified and committed employees and managers who are established industry experts. Our reputation and long-term standing in the community have also helped us to negotiate water and wastewater service and acquisition agreements in the fastest-growing areas of Delaware and Cecil County, Maryland.

As a result of these strong fundamentals, approximately 300,000 people on the Delmarva Peninsula trust Artesian Resources to provide quality water and/or wastewater service. At the same time, we have delivered record revenues and profits. Going forward, we are confident in our ability to continue to create value for our shareholders.

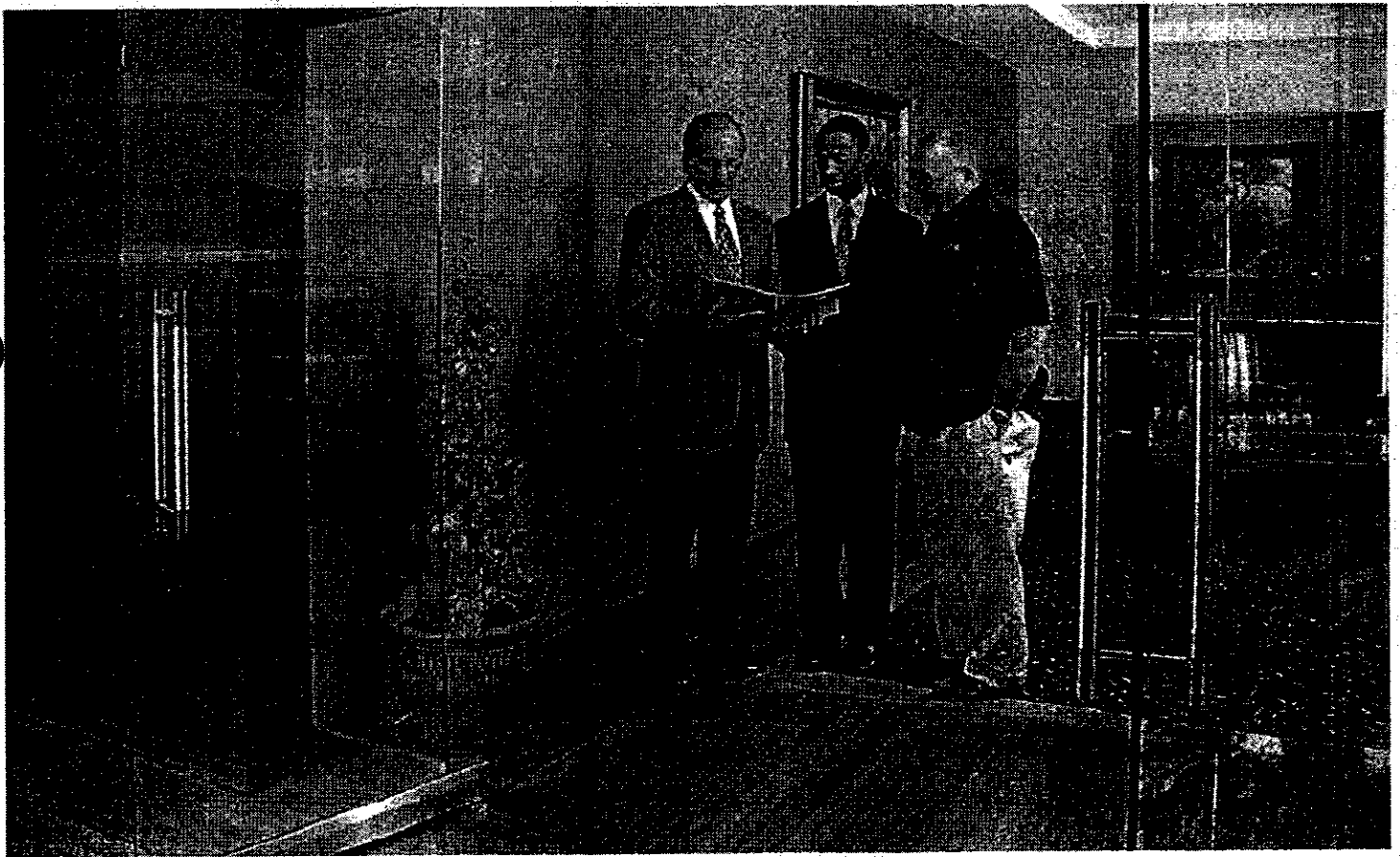
Water Service Facts

<i>Population Served</i>	<i>approximately 300,000</i>
<i>Metered Customers</i>	<i>76,900</i>
<i>Annual Production</i>	<i>7.1 billion gallons</i>
<i>Miles of Main</i>	<i>1,124</i>
<i>Active Wells</i>	<i>174</i>
<i>Storage Capacity</i>	<i>43 million gallons</i>
<i>Water Service Territory</i>	<i>273 square miles</i>
<i>Wastewater Service Territory</i>	<i>24 square miles</i>
<i>Average Cost Per Day for Residential Water Service</i>	<i>\$1.52</i>

Ensuring Sustainable Growth

Artesian Resources has exclusive water and wastewater rights throughout the areas of Delaware and Cecil County, Maryland, that are expected to grow most rapidly. Development in those areas has slowed in the wake of the economic challenges facing the region and nation. However, the pace of development in Cecil County should begin increasing rapidly during the next few years because of the U.S. Army Base Realignment and Closure (BRAC) program.

As part of BRAC, the Aberdeen Proving Grounds (APG), which is a few miles down the road from Cecil County, will be adding nearly 10,000 jobs. The surrounding areas are expected to add thousands of new households. Construction of millions of square feet of new office space is under way at APG and the new base workers should soon begin flooding the area.



Artesian Resources has made significant investments in technology during the last several years to improve customer service and increase operational efficiency. Key to this effort was the construction of state-of-the-art operations and technology centers in the Norman H. Taylor, Jr. Building. In addition, Artesian implemented a number of technology-based initiatives including the installation of automated radio-read meters; the creation and launch of a new customer-centric company website, and the development of an award-winning GIS-based dispatch system.

From left to right, Malcolm George, Manager of Customer Service & Community Relations and Director of Strategic Planning; Pierre Anderson, Director of Information Technologies; and W. David Harrington, Manager of Transmission and Distribution/Supervisor of Meter Shop and Meter Readers.

Water Overview

Water sales accounted for more than 88% of Artesian's total operating revenue in 2009. The Company achieved record revenue, despite extremely rainy weather throughout the year that lowered per capita consumption.



Our high-tech operations control center enables Artesian to continuously monitor our systems and quickly dispatch nearby employees whenever customer issues arise. Pictured at center is Rick Straub, Supervisor of Dispatch.

Water

Artesian provides water service to residential, commercial, industrial, government, municipal and utility customers on the Delmarva Peninsula. Water sales accounted for 88.4% of our total operating revenues in 2009 even though demand dropped as a result of the record rainfall during the year. We added nearly 1,000 metered water customers in Delaware last year and now serve nearly one third of the state's population.

In September 2009, we settled our pending rate case with the Delaware Public Service Commission. The agreement made permanent a 15% rate increase in our water rates that had been granted on a temporary basis in 2008. The full-year impact of the increase helped us to overcome the lower water usage we recorded throughout the year.

In Maryland during 2009, we completed an interconnection with the Town of Elkton, which agreed to take up to 200,000 gallons of water per day, and we moved forward on an interconnection agreement with the Town of Chesapeake City. We also were granted approval to construct water systems to serve the Whitaker Woods and Charlestown Crossing housing developments. In December, Artesian agreed to purchase the water assets of the Town of Port Deposit. The acquisition includes a water treatment facility with a capacity of up to 500,000 gallons per day, a Susquehanna River water appropriation permit, a 500,000-gallon ground storage tank and water mains. Artesian also has the right to provide service to the town's existing 280 customers and to several parcels adjacent to the town, including the 1,200-acre Bainbridge property, which is slated for residential, office, commercial and educational uses.

As always, providing a high-quality, reliable supply of water is one of our primary concerns. It therefore is a focus of our infrastructure investments. In 2009, \$11.0 million was invested in water system capital improvements. Included in that investment was \$1.3 million to improve existing treatment facilities; \$7.0 million to build or replace mains and transmission and distribution facilities; \$1.2 million for main relocations to facilitate highway construction; and \$1.5 million for transmission and distribution facilities in Cecil County, Maryland. Over the last three years, \$58.6 million was invested in water system capital projects. For that investment, we added two new elevated storage tanks, 74 miles of new water mains and system interconnections, five new supply wells, and six state-of-the-art water treatment facilities. In addition, we replaced nine miles of aging water mains.

Our network of deep wells enables us to tap some of the cleanest, safest supplies of water found in nature. Even with the superior quality of our water supply, we have incurred steadily rising operating costs and have required more staff expertise to meet the increasingly stringent drinking water regulations issued pursuant to the federal Safe Drinking Water Act. Today, we test our water for the presence of more than 100 possible contaminants, and are in full compliance with all requirements.

Artesian has earned the designation of "self-sufficient" from the Delaware Public Service Commission for its ability to provide a drought-resistant supply of potable water to its customers. Moreover, our superior water service remains affordable, with residents paying less than a penny for every gallon of water they receive.

Wastewater

Artesian's wastewater division added six square miles of franchised wastewater service area in 2009. Our wastewater service territory now covers 23 square miles, mainly in Delaware and Cecil County, Maryland. We expect this regulated business to grow substantially in the future as the housing markets rebound in Delaware and Cecil County.

We are well prepared to manage this growth. In Delaware, we already hold approvals to provide wastewater service in many of the areas of the state that are expected to develop most rapidly. Our continuing work with the Town of Middletown on wastewater expansion projects was noted in 2009 by local and state officials as a model for public-private cooperation. During the year, we started the development process for the Northern Sussex Wastewater Facility, which we are building and will operate. The facility will comprise a 75-acre treatment site and approximately 1,700 acres of preserved farmland, where treated wastewater will be disposed of through spray irrigation.

In Cecil County, we are operating several wastewater treatment systems for the county.

We expect to make significant investments over the next five years in wastewater treatment plant improvements and additions in both Delaware and Maryland.

Non-Utility Businesses

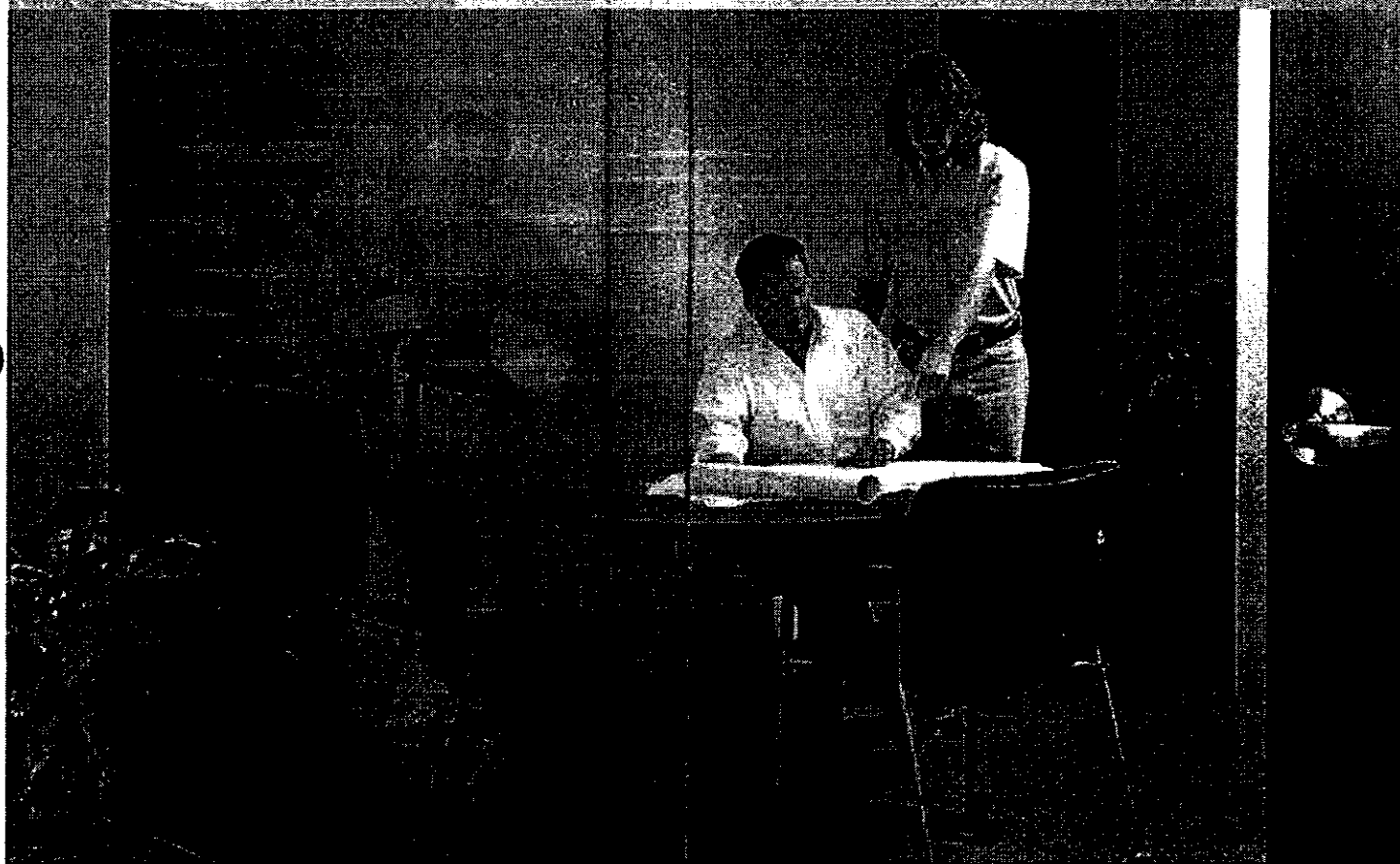
Non-utility operating revenue continued to grow rapidly, jumping by 18.9% in 2009 to \$4.8 million. This follows a 72.0% gain in non-utility revenue recorded in 2008. Artesian is actively working to expand non-regulated business opportunities. In the last few years, we have introduced new products, signed design and operating contracts for water and wastewater systems, and acquired a leading consulting engineering firm, which is now known as Artesian Consulting Engineers, Inc. (ACE).

ACE is a one-stop shop for clients seeking professional surveying, land planning, site engineering, architectural services, storm water management, and water and wastewater system design. In 2009, revenue generated from ACE increased by \$164,000. In addition, ACE significantly reduced our outsourced engineering expenses for our expansion into Cecil County and southern Delaware. As the market bounces back, ACE will bring in more third party work.

Municipalities and developers are increasingly turning to Artesian's experience in designing, building and operating water and wastewater systems. Artesian has 46 contracts with private, municipal and governmental institutions, including agreements to provide water to or operate water and/or wastewater systems for Cecil County, Port Deposit, Chesapeake City, Elkton and Charlestown in Maryland; and Middletown, Clayton, Georgetown, Odessa, Delaware City and Dagsboro in Delaware.

Wastewater Overview

Artesian began its wastewater business just under five years ago as the Company began its evolution into a total water resource management company.



*Seated — Jim Straight
Standing — Adam Gould
(in reflection, left to right)
Carmen Hunter, Tom Bartosiewicz*

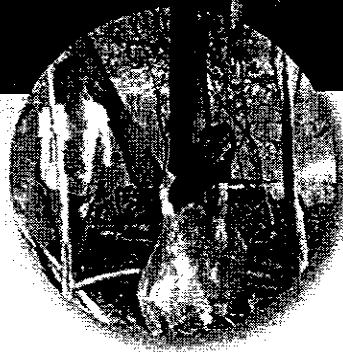
Service Line Protection Plans

One of Artesian's most recent successes is the Water Service Line Protection Plan and the new Sewer Service Line Protection Plan. The plans protect customers from the expense of repairing clogs or breaks in their water or sewer lines. The protection plans are extremely popular with customers. More than 20% of eligible water customers and 9% of eligible wastewater customers have signed up for the plans, which now generate more than \$1.3 million in annual revenue for Artesian.



As Artesian has grown to become a total water resource management company, our Human Resources Department has recruited, hired and retained professionals who have helped our Company extend our reputation for excellence.

*From left to right,
Diane Christiansen, Patti Cumpston,
Katrina Stevens and Beth Cool*



Christina River Watershed Cleanup



Teaching water conservation in elementary school classrooms

Since being introduced, our Water and Sewer Service Line Protection Plans have proven to be extremely popular with customers. In 2009, the plans generated more than \$1.3 million in revenues. The plans cover maintenance or repairs of participating customers' water or sewer service lines should the lines break, leak or become clogged.

In the Community

In our 105 years of doing business, we have always been trusted members of the communities in which we work and live. We take great pride in providing safe and reliable water service, but our employees are committed to doing much more. Over the years, our employees have stepped up again and again to help those needing our support, and 2009 was no exception.

Following are just a few of the highlights from 2009:

- In April, our employees joined more than 200 volunteers and Cub Scouts from Pack 205 of Newark, Delaware, in the Christina River Watershed Cleanup. Artesian provided extra dumpsters to allow recyclable materials to be separated, and a Company volunteer presented Artesian's Water Conservation Education program to the participating scouts. More than 30 employees also participated in the Christmas in April program in Cecil County that month, providing much-needed home repairs for an elderly county resident.
- During the summer, Artesian employees participated in the Blood Bank of Delmarva Summer Blood Challenge and recorded the highest percentage for the third year in a row in the small-company category.

- During the holiday season, Artesian employees sponsored children in need through the Salvation Army Angel Tree program. In addition, employees participated in the Basket Brigade of Delaware by donating food and delivering more than 120 Thanksgiving dinners.
- Artesian employees supported the Food Bank of Delaware throughout the year. Employees collected 20 boxes of food during the Food Bank's Hunger in Action Month and raised both money and food for the organization during Artesian's Super Food Drive.
- Artesian volunteers supported water conservation efforts by presenting in elementary school classrooms and at community events throughout Delaware and Cecil County, Maryland. Artesian also launched a new public education site, the Conservation Corner, on the Company Website.
- When record snowstorms buried the Delmarva Peninsula this past winter, Artesian employees volunteered to transport stranded medical staff to nearby healthcare centers.

Clear Vision, Profitable Growth

With a clear vision for our business, Artesian continues to build a powerful franchise with strong fundamentals on the Delmarva Peninsula. We remain committed to providing high-quality, reliable service to our customers and delivering sound returns to our shareholders just as we did in 2009 and just as we have done for more than 100 years.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than historical facts are forward-looking and actual results may differ materially from those projected, anticipated or implied. Please refer to "Risk Factors" on pages 16, 17 and 18 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 for a description of the substantial risks and uncertainties related to the forward looking statements included in this Annual Report. Past performance of Artesian's Common Stock is not predictive of future returns.

Dian C. Taylor, president and CEO of Artesian Resources Corporation was inducted into the Delaware Business Leaders Hall of Fame in 2009.

"Ms. Taylor exemplifies the best in both business and community leadership," said Rob Eppes, president of Junior Achievement of Delaware. "Her outstanding dedication to the citizens of our state has made Delaware a better place to live

and work, and offers a promising future for the students who attend JA programs."

Candidates for this prestigious award are nominated by members of the community and chosen by the selection committee, which is composed of previous Delaware Business Leaders Hall of Fame laureates.



Officers

(left to right, standing)

Bruce P. Kraeuter, P. E.

John J. Schieppeler II, Esq.

Nicholle R. Taylor

John M. Thaeeder

Jennifer L. Finch, CPA

(left to right, seated)

David B. Spacht

Dian C. Taylor

Joseph A. DiNunzio, CPA



Directors

Kenneth R. Biederman, Ph. D.
*Professor – Department of Finance,
Lerner College of Business and Economics,
University of Delaware*



Nicholle R. Taylor
*Vice President, Artesian Resources
Corporation & Subsidiaries*

Officers

Dian C. Taylor
*Chief Executive Officer & President,
Artesian Resources Corporation & Subsidiaries*

Nicholle R. Taylor
*Vice President, Artesian Resources
Corporation & Subsidiaries*

Joseph A. DiNunzio, CPA
*Executive Vice President & Corporate Secretary,
Artesian Resources Corporation & Subsidiaries*

Jennifer L. Finch, CPA
*Vice President & Assistant Treasurer,
Artesian Resources Corporation & Subsidiaries*

Bruce P. Kraeuter, P. E.
*Senior Vice President, Artesian Water Company, Inc.
Artesian Water Pennsylvania, Inc., Artesian Water Maryland, Inc.
Artesian Wastewater Management, Inc., Artesian Utility Development, Inc.
Artesian Wastewater Maryland, Inc.*

John J. Schreppler II, Esq.
*Vice President, Assistant Secretary & General Counsel,
Artesian Resources Corporation & Subsidiaries*

David B. Spacht
*Chief Financial Officer & Treasurer,
Artesian Resources Corporation & Subsidiaries*

John M. Thaeher
*Senior Vice President, Artesian Water Company, Inc.
Artesian Water Pennsylvania, Inc., Artesian Water Maryland, Inc.
Artesian Wastewater Management, Inc., Artesian Utility Development, Inc.
Artesian Consulting Engineers, Inc., Artesian Wastewater Maryland, Inc.*

Welcome to Jennifer L. Finch, CPA, who has joined our management team as Vice President and Assistant Treasurer of the Company and each of its subsidiaries. She will be responsible for the oversight of all aspects of accounting and tax-related matters with Artesian Resources and will serve as the Company's principal accounting officer.

Jennifer formerly served as Chief Accounting Director for Artesian Resources, a position she has held since joining Artesian in 2008. She was named as Chief Financial Officer of Artesian Consulting Engineers, Inc., one of the corporation's eight wholly owned subsidiaries, in May 2009.



William C. Wyer
*Business Consultant,
Wyer Group, Inc.*



John R. Eisenbrey, Jr.
*Owner & President,
Bear Industries, Inc.*



Dian C. Taylor
*Chair of the Board, President & CEO,
Artesian Resources Corporation
& Subsidiaries*

**ARTESIAN RESOURCES
CORPORATION
ANNUAL
SHAREHOLDERS
MEETING**

**Tuesday, May 18, 2010
1:30 p.m.**

**White Clay Creek Country Club
777 Delaware Park Blvd, Wilmington, DE**

Investor Information

Shareholder Inquiries

Shareholder inquiries regarding Class A Non-Voting Common Stock accounts including transfer requirements, lost certificates and dividend payments should be directed to:

**Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016-3572
(800) 368-5948**

Shareholder inquiries regarding Class B Common Stock accounts including transfer requirements, lost certificates, dividend payments and requests for investment materials should be directed to:

**Nicholle R. Taylor, Vice President
Artesian Resources Corporation
P.O. Box 15004
Wilmington, Delaware 19850
(302) 453-6900 (800) 332-5114
ntaylor@artesianwater.com**

Projected 2010 Dividend Dates

(Subject to the approval of the Artesian Resources Corporation Board of Directors)

Quarter	Record Date	Payment Date
1st	Feb. 5	Feb. 19
2nd	May 7	May 21
3rd	Aug. 6	Aug. 20
4th	Nov. 8	Nov. 19

Dividend Reinvestment and Stock Purchase Plan

The holders of record of the Company's Class A Non-Voting Common Stock are eligible to participate in the Dividend Reinvestment Plan. The plan provides for the direct purchase of Class A Non-Voting Common Stock through reinvestment of dividends and/or optional cash payments without any fees. To obtain a copy of the plan prospectus contact either Registrar and Transfer Company or Artesian directly.

Artesian Resources Corporation and Subsidiaries

Artesian Resources Corporation operates as the holding company of our eight wholly owned subsidiaries.

Artesian Water Company, Inc. is our principal subsidiary. It is the oldest and largest investor-owned public water utility on the Delmarva Peninsula and has been providing water service since 1905. Artesian Water distributes and sells water to residential, commercial, industrial, governmental, municipal and utility customers throughout Delaware. The Company also provides services to other private and municipal utilities, including operations and billing functions.

Artesian Water Maryland, Inc. was established in July 2007 with approval of the Maryland Public Service Commission. The Company is an important component of our overall mission to be the preeminent provider of public water utility services on the Delmarva Peninsula.

Artesian Water Pennsylvania, Inc. began operations in 2002 and was given approval by the Pennsylvania Public Utilities Commission to expand its service area in 2005. The Company provides public water utility services to customers in southeastern Pennsylvania.

Artesian Wastewater Management, Inc. is a regulated entity that owns and operates wastewater facilities in Delaware. The Company provides public wastewater services to customers throughout Delaware.

Artesian Wastewater Maryland, Inc. was established in June 2008 and will own and operate wastewater facilities in Maryland and will be subject to regulation by the Maryland Public Service Commission. The Company is able to provide public wastewater services to customers throughout the state of Maryland.

Artesian Utility Development, Inc. is a non-regulated operating company that designs and builds water and wastewater infrastructure and provides contract water and wastewater services on the Delmarva Peninsula.

Artesian Consulting Engineers, Inc. is our subsidiary providing engineering and architectural services to developers for residential and commercial development as well as design services for on-site water and wastewater systems. Artesian Engineers also designs off-site wastewater collection systems.

Artesian Development Corporation is the real estate holding company of Artesian.

www.artesianresources.com

